



BUDGET COMMITTEE



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**Senator Gregg's Senate Floor Remarks
on Democrats' Upcoming FY 2009 Budget
(unofficial transcript)**

Mr. President, I'm going to speak a little bit about the issue of how we address the budget of the United States. This is an annual event, of course. So what I'm going to give is a little review of last year's budget and where we are with this year's budget.

I regret to say it's a review of what amounts to, basically, a horror movie, because the budget that was produced last year by the Democratic Congress was a horrible thing for the American people in the way of increasing taxes and debt on the American people.

Now, we will hear from the other side of the aisle, 'well, the President's budget does this, and the President's budget does that.' But I think the people who are listening to this discussion should understand that the President has no legal responsibility in the area of producing the budget. That under the Budget Act, the President can send up a budget, and that's where it stops.

The actual budget is produced by the Congress of the United States, the House and the Senate. This is important - it is not signed by the President of the United States. He cannot veto it. The budget of the United States is purely a product of the House and the Senate and the United States Congress.

And so it's our responsibility, not the President's responsibility, to produce a budget and produce one that's responsible for the American people, especially for working Americans, so that they're not overburdened by the government. And for our children and our grandchildren, so that we don't put too much debt on them as a government.

Well, last year was the first time a Democratic Congress has produced a budget in 12 years. And so they had the benefit of the doubt when they said they were going to control the spending. When they said they were going to confront the problems, entitlements and the cost of the Baby Boom generation, people gave them the benefit of the doubt. When they said they were going to use Pay-Go rules to discipline spending, people gave them the benefit of the doubt.

When they said they weren't going to raise the national debt any more than the President did, people gave them the benefit of the doubt. When they said they weren't going to raise

taxes on the American people, that they were going to find revenues by collecting taxes that were already owed, people gave them the benefit of the doubt.

Well, the shell game is over. The benefit of the doubt no longer applies. The record is in, and the record is pretty dismal. The budget from last year, produced by the Democratic Congress, increased taxes over a five-year period by \$736 billion. It dramatically increased spending. In the discretionary accounts, the Democratic budget last year, as it was finally executed, increased spending over what the President requested. The President had requested a \$60 billion increase in discretionary spending. It proposed to increase spending by over \$40 billion. It added \$2.5 trillion to the federal debt over the five-year period.

This term "Pay-Go" is the most abused term on the floor of the Senate and on the floor of the House in the area of fiscal discipline. 'We're going to use Pay-Go to discipline federal spending.' You hear that from every Democrat, starting with the Presidential candidates right down to the House members.

Last year, on 15 different occasions they either directly waived Pay-Go or they gamed it in the most cynical manner by changing dates, changing years, moving money here, moving money there, to the tune of \$143 billion of new spending which should have been subject to Pay-Go, which it was not. It was simply added to the deficit and to the debt that our children will have to pay.

They didn't do one thing about addressing the most significant fiscal issue we face as a country, which is the pending meltdown of our nation's fiscal policy because of the \$66 trillion of unfunded liability we have on the books as a result of commitments we've made to the Baby Boom generation, which is beginning to retire right now. \$66 trillion.

The President at least sent up a package which proposed trying to discipline the rate of growth of entitlement spending, specifically, Medicare, in very reasonable ways. By asking people like Warren Buffet, for example, to pay a fair cost of their drug benefit. People over 65 who have a lot of money should pay more money for their drug benefit. By using technology more aggressively, by limiting the number of lawsuits that are brought against doctors to something reasonable, along the lines of what is known as the California or Texas models.

The President's proposals would have limited this liability here as it related to health care by \$8 trillion. It would have reduced it. And they were reasonable proposals. But the Democratic budget as passed and as executed not only didn't limit or reduce in any way this out-year liability, they actually aggravated it. It was totally irresponsible.

And on the tax side, this tax increase here is real dollars. Real dollars that Americans are going to have to pay. For 43 million Americans, under the Democratic budget as passed last year, their taxes will go up by \$2,300 a year beginning in 2011. For 18 million seniors, their taxes will go up by \$2,200 a year beginning in 2011. That's a lot of money for somebody.

For low-income Americans -- 7.8 million Americans who do not pay taxes today because the 10% bracket is in place -- their taxes will go up. They will have to start paying taxes. And for 27 million small businesses who file what is known as sub-chapters, which means they basically are filed as individuals, their taxes will go up on average by \$4,100. Those are real dollars people are going to have to pay in real dollars.

Let's put it in another context here. The Democratic budget, the nightmare budget, the shell budget, added \$736 billion in new taxes, \$466 billion in the area of mandatory increases, \$205 billion over five years in discretionary increases over what the President suggested. Huge increases which are totally irresponsible. Equally important, as I just mentioned, here's the tax increase, the discretionary spending increase and the debt increase under the Democratic budget. And there were absolutely no mandatory savings, which is the biggest issue of concern for us as a nation as we look into the out-years from the standpoint of being able to pass on to our children an affordable government.

If you give to your children the debts of today -- which is \$2.5 trillion that they added, plus \$66 trillion of debt as a result of Medicare and Medicaid and Social Security costs that we haven't figured out how we're going to pay for -- you're essentially saying to our children, 'I'm sorry, you can't have as good a life as we've had as a generation. You're not going to be able to send your kids to college. You're not going to be able to buy your first house. You're not going to be able to live the quality of life that Americans have been experiencing throughout the generation of the Baby Boom generation because we're going to put on you so much debt, so many costs, that we're simply going to overwhelm you.'

What did the Democratic budget do to address that? Nothing. A lot of lip service. And really in one of the most obscene -- obscene is the only accurate term -- obscene examples of budgetary gimmickry, the Democratic budget claimed they were going to raise \$300 billion in tax revenues from people who owed taxes but weren't paying. This is how they're going to pay for all their new programs. They're going to raise \$300 billion collected from people who owe taxes. Well, yes, those are the estimates. There's a huge amount of money out there that isn't being collected today and should be collected.

But how much was collected under the Democratic budget of that old and unpaid balance? Zero. Why was that? Why did they only get zero? Because they actually cut the dollars going to the Internal Revenue Service for enforcement. So not only could the IRS not collect the additional money which they could have gotten, they never got to collect the \$300 billion. The highest estimate the IRS gave us was something in the range of \$30 billion, which was their best number they could get over five years. They just plugged this number in and said the Democrats said they were going to get over \$300 billion. Why did they throw it in? Because they wanted to spend it.

You'll notice their discretionary spending went up \$205 billion. Right here. They claimed they were going to pay for that and have a little surplus with this empty number, which they never got, of \$300 billion. How did the \$205 billion get paid for? Paid for by

putting debt on our children's shoulders. Then on top of that, of course, they're going to raise taxes by \$736 billion, as I mentioned.

As if it wasn't bad enough that their track record now is such a glaring example of fraud and misdeed and misrepresentation of a shell game -- of claiming one thing and doing the opposite in the area of tax policy, in the area of raising taxes when they say they weren't, raising spending when they said they wouldn't, not addressing entitlements when they said they would -- we now have the Presidential candidates out there campaigning, on top of the track record here of total gross fiscal mismanagement.

We have Presidential candidates on their side of the aisle making proposals to increase spending which dwarf what is already here. Senator Obama, for example, has proposed 158 new programs that we know of that we can score, totaling annual increases in spending of over \$300 billion a year. Now, Senator Obama and Senator Clinton say, 'We're going to pay for this by taxing the rich. We'll just tax the rich. Tax the rich, tax the rich, tax the rich.'

Well, let's look at the numbers here. If you take the top rates in America, which are the rates that the rich pay, they pay 35% of their income to taxes now. If you raise those rates back up to the days of Bill Clinton, approximately 40%, which is, I presume what they're referring to when they say that they're going to go back to Clinton tax rates for the rich. So you raise \$25 billion in income taxes. Senator Obama has already proposed spending \$300 plus billion a year. So he's short \$280 billion.

Where will that come from? That is going to come from raising taxes on all of the other Americans that work and pay income taxes. He's talking about basically repealing all of the Bush initiatives, and, believe me, even if he does that he can't raise enough money to pay for what he's proposing. So he's talking about adding dramatically to the debt. It is a spend-o-rama, an "Obama Spend-o-Rama," which is going to cause huge problems with the tax.

As we go along with this budget, there is no longer the benefit of the doubt out there for our colleagues on the other side of the aisle. They now have a track record of a budget that raised taxes \$736 billion. A track record of a budget that increased discretionary spending by \$205 billion; a track record of a budget that increased the debt by \$2.5 trillion. A track record where they game their own Pay-Go rules, so they spent \$143 billion that they should have had to offset, without any offsets. And a track record of not addressing the most significant issue we have today, which is how do we pay for the future costs of the retirement of the Baby Boom generation and not put that burden on our children?

I suspect that the budget they're going to bring forward is going to look a lot like the one they passed last year. But when they claim this year that they're going to get another \$300 billion from some wizard behind the screen by collecting taxes that are owed, but aren't collected, I hope that perhaps the American people will say, hold it, you claimed it once, you're going to do it again?

When they claim they're going to discipline spending around here by using Pay-Go, I hope that people will say, well, hold it. Last year you said you would do that and you spent \$143 billion that was subject to Pay-Go. When they claim that they're not going to raise taxes, somebody has to say, well, hold it, the only way to pay for your program is to repeal the tax laws as they presently exist and make the taxes go up dramatically on all Americans, not just on wealthy Americans.

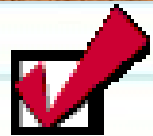
And when they claim they're not going to increase discretionary spending, somebody needs to say, well, hold it, last year you increased the discretionary spending by \$205 billion over what the President wanted in non-defense discretionary spending. They have no credibility any longer, and so I hope the American people and the press, certainly, and I hope the Senate will ask these serious questions of them as they bring forward their budget.

Mr. President, I yield the floor.

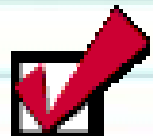
To Do:



Raise taxes by \$736 billion



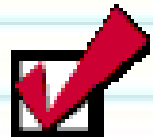
Dramatically increase spending



Grow debt by \$2.5 trillion



Gimmick Pay-Go



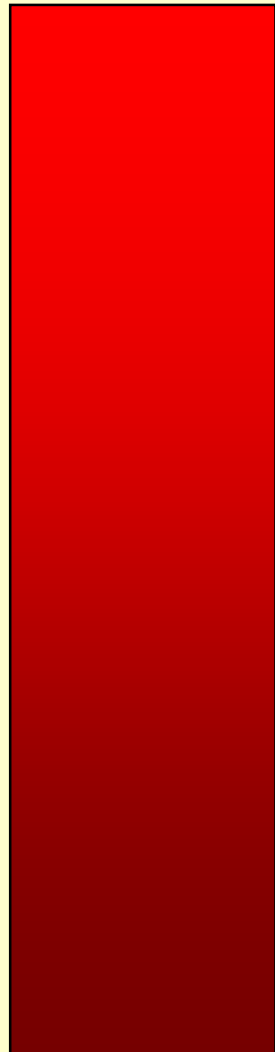
Ignore \$66 trillion unfunded liabilities



DEMOCRATIC BUDGET PLAN 2007 - 2012

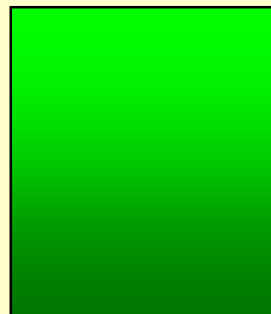
Billions

\$2,500



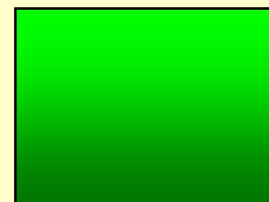
Debt

\$736



Tax Increases

\$466



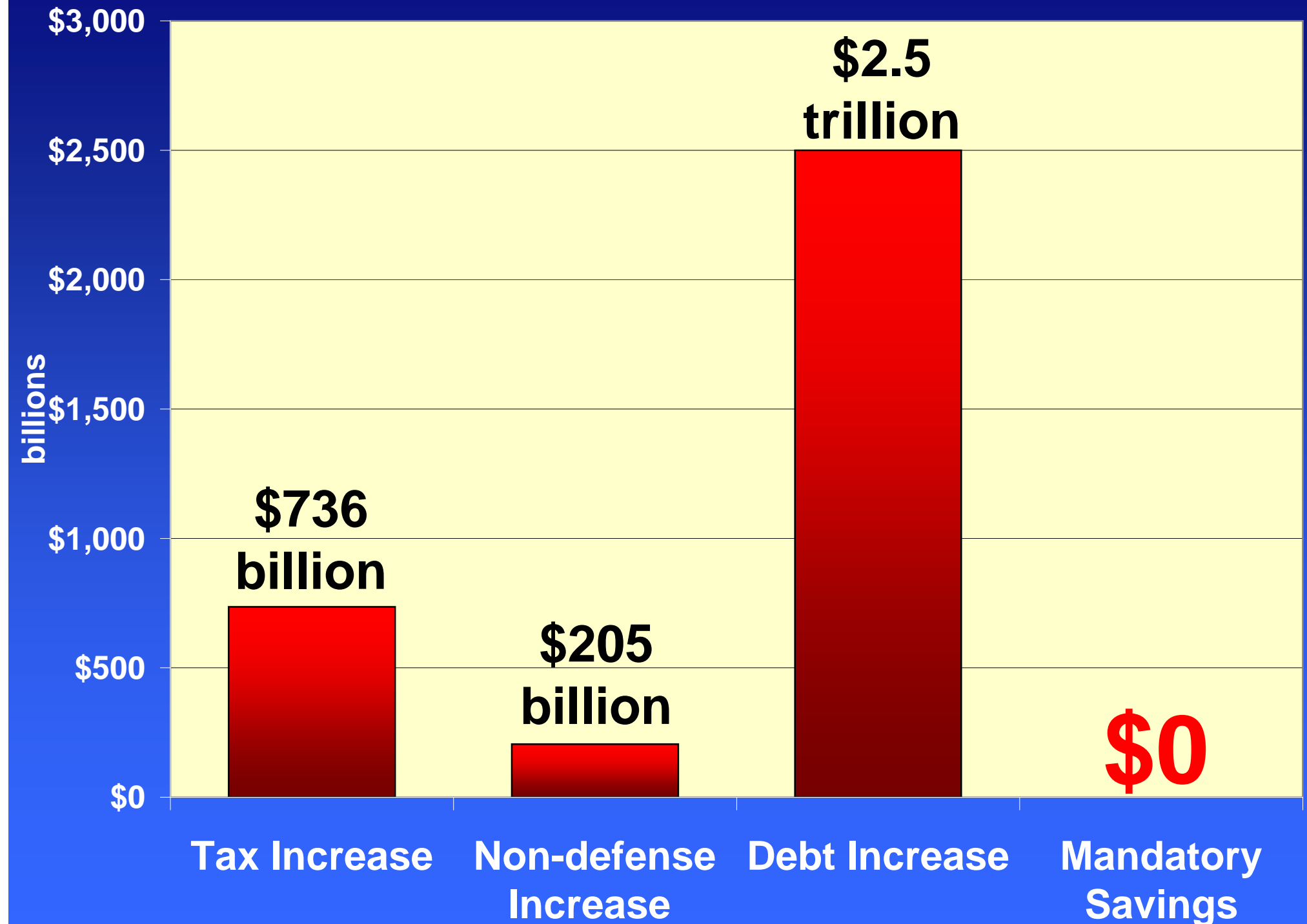
**Mandatory
Increases**

\$205



**Discretionary
Increases**

DEMOCRATIC FY08 BUDGET HIGHLIGHTS



DESPITE PROMISE THAT CLOSING TAX GAP WOULD BE EASY, DEMOCRATS COME UP EMPTY

